

**DEPARTMENT OF MENTAL HEALTH,  
RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY  
MENTAL HEALTH CENTER, INC.  
REPORT ON CONTRACT COMPLIANCE  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
FAX #: (401) 222-3973

Department of Mental Health, Retardation and Hospitals  
Newport County Community Mental Health Center, Inc.

REPORT ON CONTRACT COMPLIANCE

Fiscal Years Ended June 30, 1999 and 1998

EXECUTIVE SUMMARY

The prior audit report for Newport County Community Mental Health Center, Inc., issued May 28, 1999 by the Bureau of Audits, had 5 recommendations of which 4 were complied with.

Based on our contract compliance engagement for the fiscal years ended June 30, 1999 and 1998 we determined there were unauthorized excessive budget line item variances in the Community Support and Related Services Program.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| EXECUTIVE SUMMARY .....   | i           |
| TRANSMITTAL LETTER .....  | 1           |
| SCOPE AND PURPOSE .....   | 2           |
| BACKGROUND .....  | 3           |
| AUDITOR'S OPINION .....   | 4           |
| FINANCIAL INFORMATION:  |             |
| Statement of Revenues and Expenses  |             |
| Exhibit A: Fiscal Year Ended June 30, 1999 .....                                  | 6           |
| Exhibit B: Fiscal Year Ended June 30, 1998 .....                                  | 7           |
| Statement of Operations   |             |
| Exhibit C: Title XIX Program .....  | 8           |
| Exhibit D: Determination of Over (Under) Payment of State Matching<br>Funds ..... | 9           |
| Notes to Financial Information .....  | 10          |
| SUPPLEMENTAL INFORMATION:   |             |
| Schedule of Matchable and Nonmatchable Revenues .....                             | 11          |
| FINDINGS AND RECOMMENDATIONS  |             |
| Status of Prior Audit Recommendations June 30, 1997 .....                         | 12          |
| Current Year Findings and Recommendations .....                                   | 13          |



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
FAX #: (401) 222-3973

March 16, 2001

Ms. A. Kathryn Power, Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 2  
600 New London Avenue  
Cranston, RI 02920


Dear Ms. Power:

We have completed an examination of the contracts between the Department of Mental Health, Retardation and Hospitals (MHRH) and Newport County Community Mental Health Center, Inc., for the fiscal years ended June 30, 1999 and 1998.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to Robert L. Carl, Jr., Ph.D., Director, Department of Administration and to the Honorable Antonio J. Pires, Chairman of the House Finance Committee and to the Honorable Frank T. Caprio, Chairman of the Senate Finance Committee.

We wish to express our appreciation to the officials of the Department of MHRH and to the director and staff members of Newport County Community Mental Health Center, Inc., for the assistance, cooperation and courtesies extended to us during the course of this examination.

Sincerely,

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pb

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

SCOPE AND PURPOSE

The purpose of this engagement was to determine compliance with your department's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers to the Matching Grant Contracts and with the terms and conditions contained within the Community Support, Residential and Acute Alternative Services Contracts as to:

- whether revenues were matchable or nonmatchable;
- total matchable revenue used as the basis for funding fiscal years 2001 and 2000;
- whether reported expenses were allowable and properly allocated;
- whether reported revenues were accurate; and
- any over or under funding on behalf of the Department of Mental Health, Retardation and Hospitals.

Our examination of the financial records included verification of revenues and expenses through testing procedures to the extent we deemed necessary in the circumstances. Occupancy requirements and resident contributions were examined for adherence to contract specifications. Client fund management was reviewed for conformance with applicable policies and guidelines.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

BACKGROUND

Section 40.1-8.5-6 of the General Laws of the State of Rhode Island authorizes the Director of the Department of Mental Health, Retardation and Hospitals (MHRH) to make grants to community mental health boards to provide mentally disabled children and adults services which shall include but not be limited to psychiatric, medical, nursing, psychological, social, rehabilitative and support services provided in the prevention, diagnosis, treatment and follow-up of mental disabilities, and in addition, may include those services designed to prevent mental disabilities or be of a consultative, informational or educational nature about mental disabilities. It is under this authorization that Newport County Community Mental Health Center, Inc., operates.

It is the intent of the law that an individual's eligibility to receive any public or private assistance be exhausted prior to the expenditure of state and local monies.

The Center owns and occupies a facility located at 127 Johnnycake Hill Road, Middletown, Rhode Island, which houses administrative and most program offices.

The Center is governed by a board of directors consisting of not more than 21 nor less than 15 individuals elected annually.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
FAX #: (401) 222-3973

Ms. A. Kathryn Power, Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 2  
600 New London Avenue  
Cranston, RI 02920

Dear Ms. Power:


We have performed the procedures enumerated below, which were agreed to by the Department of Mental Health, Retardation and Hospitals (MHRH) and Newport County Community Mental Health Center, Inc., (Center) solely to assist the users in evaluating management's assertion about the Center's compliance with the Division of Behavioral Health's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers to the Matching Grant contracts and with the financial terms and conditions contained within the Community Support, Residential and Acute Alternatives Services contracts during the fiscal years ended June 30, 1999 and 1998, included in the accompanying Report on Contract Compliance. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For purposes of this engagement we tested compliance with the above-mentioned specified requirements for determining matchable revenues, allowable costs, accuracy of reported activities and any excess funding on behalf of MHRH. Based on the application of the procedures referred to above, we became aware of instances of noncompliance with the Community Support, Residential and Acute Alternative Services Contract with the Center for the fiscal years 1999 and 1998. These matters are discussed in the accompanying "Findings and Recommendations" section of this report.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of MHRH and the Center and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits  
August 23, 2000

SMC:pb



DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
 STATEMENT OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 1999

| <u>Revenues</u>  | <u>Community Support<br/>Residential, and<br/>Acute Alternatives</u> | <u>Adult<br/>General<br/>Outpatient</u> | <u>Other<br/>Programs</u> | <u>Title<br/>XIX<br/>Medicaid</u> | <u>Total</u>     |
|--|--|---|---------------------------|-----------------------------------|------------------|
| MHRH   | \$ 343,501   | 28,041                                  | -                         | -                                 | 371,542          |
| DCYF   | -  | -                                       | 382,802                   | -                                 | 382,802          |
| DHS  | 46,400   | -                                       | -                         | -                                 | 46,400           |
| Title XIX Medicaid                                       | -  | -                                       | -                         | 3,357,256                         | 3,357,256        |
| Other Programs   | 275,253  | -                                       | 30,323                    | -                                 | 305,576          |
| Municipalities   | -  | 166,912                                 | -                         | -                                 | 166,912          |
| Contributions  | 10,128   | 762                                     | 9,735                     | -                                 | 20,625           |
| Client Services  | 19,633   | 94,932                                  | -                         | -                                 | 114,565          |
| Membership Dues  | -  | -                                       | 8,300                     | -                                 | 8,300            |
| Group Home   | 78,655   | -                                       | -                         | -                                 | 78,655           |
| Client Fees  | 8,473  | -                                       | -                         | -                                 | 8,473            |
| Investment Income  | 2,153  | 151                                     | 645                       | -                                 | 2,949            |
| Miscellaneous  | 9,462  | 1,248                                   | 1,538                     | -                                 | 12,248           |
| <b>Total Revenues</b>                                    | <b>\$ 793,658</b>  | <b>292,046</b>                          | <b>433,343</b>            | <b>3,357,256</b>                  | <b>4,876,303</b> |
| <u>Expenses</u>  |  |   |                           |                                   |                  |
| Personnel  | 2,198,580  | 346,316                                 | 627,393                   | -                                 | 3,172,289        |
| Operating  | 1,264,584  | 76,332                                  | 435,775                   | -                                 | 1,776,691        |
| Purchased Equipment                                      | 62,883   | 5,643                                   | 19,197                    | -                                 | 87,723           |
| <b>Total Expenses</b>                                    | <b>\$ 3,526,047</b>  | <b>428,291</b>                          | <b>1,082,365</b>          | <b>0</b>                          | <b>5,036,703</b> |
| <u>Other Financing Sources (Uses):</u>                   |  |   |                           |                                   |                  |
| Interfund Transfer                                       | 2,505,836  | 25,050                                  | 826,370                   | (3,357,256)                       |                  |
| <b>Excess (Deficiency) of<br/>Revenues Over Expenses</b> | <b>\$ (226,553)</b>  | <b>(111,195)</b>                        | <b>177,348</b>            | <b>0</b>                          | <b>(160,400)</b> |

See accompanying notes to financial information.

:SP-12A

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
 STATEMENT OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 1998

| <u>Revenues</u>  | <u>Community Support<br/>Residential, and<br/>Acute Alternatives</u> | <u>Adult<br/>General<br/>Outpatient</u> | <u>Other<br/>Programs</u> | <u>Title<br/>XIX<br/>Medicaid</u> | <u>Total</u>     |
|--|--|---|---------------------------|-----------------------------------|------------------|
| MHRH   | \$ 510,292   | 54,927                                  | -                         | -                                 | 565,219          |
| DHS  | 59,700   | -                                       | -                         | -                                 | 59,700           |
| DCYF   | -  | -                                       | 692,214                   | -                                 | 692,214          |
| Other Programs   | 242,564  | -                                       | -                         | -                                 | 242,564          |
| Title XIX Medicaid                                       | -  | -                                       | -                         | 2,689,165                         | 2,689,165        |
| Municipalities   | -  | 100,795                                 | -                         | -                                 | 100,795          |
| Contributions  | 3,403  | 150                                     | 281                       | -                                 | 3,834            |
| Client Services  | 44,425   | 97,779                                  | -                         | -                                 | 142,204          |
| Group Home   | 67,292   | -                                       | -                         | -                                 | 67,292           |
| Client Fees  | 5,366  | -                                       | -                         | -                                 | 5,366            |
| Investment Income  | 1,163  | 7,427                                   | 105                       | -                                 | 8,695            |
| Miscellaneous  | 6,665  | -                                       | -                         | -                                 | 6,665            |
| <b>Total Revenues</b>                                    | <b>\$ 940,870</b>  | <b>261,078</b>                          | <b>692,600</b>            | <b>2,689,165</b>                  | <b>4,583,713</b> |
| <u>Expenses</u>  |  |   |                           |                                   |                  |
| Personnel  | 2,140,346  | 182,031                                 | 626,341                   | -                                 | 2,948,718        |
| Operating  | 1,283,125  | 105,061                                 | 314,118                   | -                                 | 1,702,304        |
| Purchased Equipment                                      | 36,000   | 3,688                                   | 11,000                    | -                                 | 50,688           |
| <b>Total Expenses</b>                                    | <b>\$ 3,459,471</b>  | <b>290,780</b>                          | <b>951,459</b>            | <b>0</b>                          | <b>4,701,710</b> |
| <u>Other Financing Sources (Uses):</u>                   |  |   |                           |                                   |                  |
| Interfund Transfer - Title XIX-Medicaid                  | 2,312,222  | 37,676                                  | 339,267                   | (2,689,165)                       |                  |
| <b>Excess (Deficiency) of<br/>Revenues Over Expenses</b> | <b>\$ (206,379)</b>  | <b>7,974</b>                            | <b>80,408</b>             | <b>0</b>                          | <b>(117,997)</b> |

See accompanying notes to financial information.

:SP-12B

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
 STATEMENT OF OPERATIONS - TITLE XIX PROGRAM  
 FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | <u>Fiscal Year Ended June 30</u> |                  |
|---|----------------------------------|------------------|
|   | <u>1999</u>                      | <u>1998</u>      |
| <u>Beginning Balance</u>                  | \$ 0                             | 0                |
| Revenues Received Designated for Programs | <u>3,357,256</u>                 | <u>2,689,165</u> |
| <u>Revenues Applied:</u>                  |                                  |                  |
| Community Support and Related Services    | 2,505,836                        | 2,312,222        |
| Adult General Outpatient Services         | 25,050                           | 37,676           |
| Other Programs                            | <u>826,370</u>                   | <u>339,267</u>   |
| Total Applied                             | <u>3,357,256</u>                 | <u>2,689,165</u> |
| <u>Ending Balance</u>                     | \$ <u>0</u>                      | <u>0</u>         |

See accompanying notes to financial information.

:SP-12C

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
 STATE MATCHING PROGRAM  
 DETERMINATION OF OVER (UNDER) PAYMENT OF STATE MATCHING FUNDS  
 FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|  | Fiscal Year Ended June 30 |               |               |                |
|--|---------------------------|---------------|---------------|----------------|
|  | 1999                      |               | 1998          |                |
| <u>State Funds Allocated:</u>                                  |                           |               |               |                |
| Adult General Outpatient Services                              | \$ 43,823                 |               | 64,820        |                |
| Community Support, Residential and Acute Alternatives Contract | <u>43,823</u>             | <u>87,646</u> | <u>64,820</u> | <u>129,640</u> |
| Matchable Revenues-Fiscal Years Ended June 30, 1997 and 1996   |                           | <u>67,041</u> |               | <u>61,012</u>  |
| <u>Determination of Over (Under) Payment of State Funds:</u>   |                           |               |               |                |
| State Funds Allocated (Note 2)                                 |                           | 87,646        |               | 129,640        |
| Deduct Lesser of:  |                           |               |               |                |
| (A) Applicable Percentage of Matchable Revenues                | 87,646                    |               | 129,640       |                |
| (B) State Funds Allocated                                      | 87,646                    |               | 129,640       |                |
| Maximum Support - Lesser of A or B (Note 3)                    |                           | <u>87,646</u> |               | <u>129,640</u> |
| Over (Under) Payment of State Matching Funds                   | \$                        | <u>0</u>      |               | <u>0</u>       |

See accompanying notes to financial information.

:SP-12D

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

NOTES TO FINANCIAL INFORMATION

Note 1 - Significant Accounting Policies

Basis of Accounting:

The financial information is presented on the accrual basis of accounting which is in compliance with the Division of Behavioral Health Service's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers. Under this basis, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Note 2 - State Funds Allocated - Exhibit D

These amounts represent the total of the matching grants encumbered by the Department of MHRH for the operation of Newport County Community Mental Health Center, Inc.

Note 3 – Maximum Support – Exhibit D

State funds allocated are subject to the lesser of the following:

- A. 130.735% of the matchable revenue for the fiscal year ended June 30, 1997 and 212.485% of the matchable revenue for the fiscal year ended June 30, 1996.
- B. The maximum state funding as determined above cannot exceed the dollar amount originally allocated for the respective fiscal year.

Note 4 - Other Programs - Exhibits A and B

These amounts represent funding from sources other than MHRH Division of Behavioral Health Services.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
STATE MATCHING GRANT PROGRAM  
SCHEDULE OF MATCHABLE AND NONMATCHABLE REVENUES  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | Fiscal Year Ended June 30 |                  |
|---|---------------------------|------------------|
|   | 1999                      | 1998             |
| <u>State of Rhode Island</u>  |                           |                  |
| Adult General Outpatient Services   | \$ 28,041                 | 54,927           |
| Community Support, Residential & Acute Alternatives                       | <u>343,501</u>            | <u>510,292</u>   |
| Total State Funds Allocated   | 371,542                   | 565,219          |
| <u>Matchable Revenues</u>   |                           |                  |
| Municipalities  | 166,912                   | 100,795          |
| Contributions - Net   | <u>9022</u>               | <u>3,834</u>     |
| Total Matchable Revenues (for Fiscal Years Ending June 30, 2001 and 2000) | 175,934                   | 104,629          |
| <u>Nonmatchable Revenues</u>  |                           |                  |
| Title XIX Program   | 3,357,256                 | 2,689,165        |
| Other Programs  | 745,261                   | 994,583          |
| Client Services   | 114,565                   | 142,204          |
| Group Home  | 78,655                    | 67,292           |
| Fund Raising  | 11,603                    | -                |
| Client Fees   | 8,473                     | 5,366            |
| Investment Income   | 2,304                     | 8,590            |
| Miscellaneous   | <u>10,710</u>             | <u>6,665</u>     |
| Total Nonmatchable Revenues   | <u>4,328,827</u>          | <u>3,913,865</u> |
| Total Revenues (Exhibits A and B, Respectively)                           | \$ <u>4,876,303</u>       | <u>4,583,713</u> |

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

STATUS OF PRIOR AUDIT RECOMMENDATIONS JUNE 30, 1997

Community Support, Residential, and Acute Alternatives

1. If performance standards have, in fact, been deemed satisfactory by the department for the period under review, officials of MHRH should take into account the excess revenue of \$40,571 as available income for the community support services when determining subsequent funding to Newport County Community Mental Health Center, Inc.

Complied.

2. MHRH officials should take steps to enforce and ensure that line item deviations are adhered to by providers in accordance with the above contract provisions.

Did not comply. (See recommendation 1)

Independent Audit Reports

3. MHRH officials should adjust their records accordingly and not match fund raising expenses of \$3,629 in fiscal year 1999.

Complied.

4. MHRH officials should not accept CPA reports that do not properly identify matchable revenues and delineate fund raising expenses.

Complied.

5. MHRH officials should consider issuing due notice to withhold funding until compliance with the contract provision is achieved.

Complied.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
NEWPORT COUNTY COMMUNITY MENTAL HEALTH CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

CURRENT YEARS FINDINGS AND RECOMMENDATIONS

Net Operations

Net operating results for the Center's programs for the fiscal years ended June 30, 1999 and 1998 are summarized below:

Revenue Excess (Deficiency) - Exhibits A and B

| <u>Program</u>   | <u>1999</u>         | <u>1998</u>         |
|--|---------------------|---------------------|
| Community Support, Residential<br>And Acute Alternatives | \$ (226,553)        | \$ (206,379)        |
| Adult General Outpatient                                 | (111,195)           | 7,974               |
| Other Programs   | <u>177,348</u>      | <u>80,408</u>       |
| Total Revenue (Deficiency)                               | \$ <u>(160,400)</u> | \$ <u>(117,997)</u> |

Community Support, Residential, and Acute Alternatives

Excessive budget line item variances occurred in the Community Support, Residential, and Acute Alternatives contracts for the fiscal years ended June 30, 1999 and 1998. Addendum II, Section II-4 of the financial terms and conditions states in part:

"An amendment to the approved budget on file with the Department and included in summary fashion as part of this contract, is required when:

a.) There is a line item deviation of 10% or \$5,000, whichever is greater;...

"Spending beyond the budget without amendment will result in the disallowance of the added expenditure."



Line items in excess of 10% or \$5,000, whichever is greater is as follows:

| <u>Line Item</u>      | <u>6/30/99</u> | <u>6/30/98</u> |
|-----------------------|----------------|----------------|
| General Supplies      | \$ 19,446      | 35,399         |
| Professional Services | -              | 26,540         |
| Tel./Communications   | 4,037          | 6,982          |
| Utilities             | -              | 8,102          |
| Building Maintenance  | -              | 1,036          |
| Equipment Maintenance | -              | 11,036         |
| Other                 | -              | 20,646         |
| Building Space        | 4,900          | -              |
| Insurance             | -              | 14,849         |
| Program Supplies      | -              | 8,596          |
| Equipment Rental      | 2,095          | -              |

The Center did not submit line item budget amendment requests relating to the above line items to MHRH as required by the above State contract provisions.

Recommendation

1. MHRH officials should take steps to enforce and ensure that line item deviations are adhered to by providers in accordance with the above contract provisions and recover the added expenditures in accordance with contractual provisions as stated above.

State Matching Program

It was determined that there was no over or under payment of state matching funds during the period audited. (See Exhibit D)

Matchable Revenues were examined for fiscal years ended June 30, 1999 and 1998 and are summarized as follows:

|                          | <u>1999</u>       | <u>1998</u>       |
|--------------------------|-------------------|-------------------|
| Municipal Revenues       | \$ 166,912        | \$ 100,795        |
| Net-Contributions        | <u>9,022</u>      | <u>3,834</u>      |
| Total Matchable Revenues | \$ <u>175,934</u> | \$ <u>104,629</u> |

Funds received in the fiscal years ended June 30, 1999 and 1998 will be the basis for determining state funds allocated by the Department of MHRH for the subsequent fiscal years ending June 30, 2001 and 2000, respectively.

### Revenue Deficiencies

It is our understanding that each contract stands on its own and that any expenses in excess of the contracted amounts be absorbed by the provider.

During the period under review the following Division of Behavioral Health Services contracts had revenue deficiencies (Exhibits A & B):

|  |               |
|--|---------------|
| 1999 – Community Support, Residential, and<br>Acute Alternatives | \$ ( 226,553) |
| 1999 - Adult General Outpatient                                  | ( 111,195)    |
| 1998 – Community Support, Residential, and<br>Acute Alternatives | \$ ( 206,379) |